

ACCOUNTING

Time Allowed – 1 ½ hours

Maximum Marks – 100

[N.B – The figures in the margin indicate full marks. Questions must be answered in English. Examiner will take account of the quality of language and of the way in which the answers are presented. Different parts, if any, of the same question must be answered in one place in order of sequence.]

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| | Marks |
| 1. a. Write down the objectives of financial statements. | 6 |
| b. What are the components of a complete set of financial statements in line with Bangladesh Accounting Standard-1? | 4 |
| 2. Manik opens a company on April 1, 2012. At April 30, the trial balance shows the following balances for selected accounts. | |

	Tk.
Prepaid Insurance	3,600
Equipment	28,000
Notes Payable	20,000
Unearned Revenue	4,200
Service Revenue	7,400

Analysis reveals the following additional data:

- Prepaid insurance paid for 2 years effective from April 1, 2012.
- Depreciation on the equipment is Tk. 500 per month.
- The note payable is dated April 1, 2012. It is a 6 month, 12% note.
- Seven customers paid for the company's 6 months' service of Tk. 600 beginning in April. These customers were serviced in April.
- The services provided to other customers but not billed at April 30 totaled Tk.1, 500.

Required:

- Prepare the adjusting entries for the month of April. 10
 - Prepare adjusted trial balance of Manik & Company. 10
3. State the Generally Accepted Accounting Principles with argument for recording the following transactions in the books of XYZ company:
- Purchase a computer as on 30-10-2012 at Tk.120,000 with a fair value of Tk.115,000 on that date.
 - Service rendered under annual maintenance contract for Tk.10,000 but no bill has been drawn on.
 - Paid salary of Tk.1,000 for the month of October 2012 on 1.11.2012.
 - Depreciation charged Tk.10,000.
 - Purchased goods Tk.100,000 from ABC Company during October 2012. 5x2=10
4. An analysis of the transactions made by KLCC Ltd., a software manufacturing company for the month of August 2012 is shown below:

	Assets				Liability + Owners Equity		
	Cash	Accounts Receivable	Office supplies	Office equipments	Accounts Payable	Owners equity	Explanations
1	+15,000					+15,000	Investment
2	-2,000			+5,000	+3,000		
3	- 750		+ 750				
4	+2,600	+3,700				+6,300	
5	- 1,500				-1,500		
6	-2,000					-2,000	
7	- 650					- 650	
8	+ 450	- 450					
9	- 3,900					- 3,900	
10					+ 500	- 500	

Required:

- Describe each transaction that occurred for the month.
 - Determine the increase in owner's equity (O.E.) during the month.
 - Compute the amount of net income for the month. 10+5+5=20
5. Prepare necessary journal entries which would correct the following errors:
- A business received an invoice for BDT 50,000 from a supplier which was omitted from the books entirely.
 - The bookkeeper of the enterprise reduced cash sales by BDT 2,500 because he was not sure what the BDT 2,500 represented. In fact, it was drawings.
 - BDT 25,530 has been added in the sales day book instead of BDT 25,350.
 - Maintenance worth BDT 550 was incorrectly debited to the building account instead of repairing and maintenance account.
 - Purchases of Mobile sets for BDT 50,000 are incorrectly booked under the Telephone expenses head. 15

[Please turn over]

6. The bank reconciliation for Moon Ltd. as on 31 October 2012 was as follows:

Moon Limited
Bank Reconciliation
October 31, 2012

Particulars	Taka	Taka
Cash balance as per book		12,444.70
Add: Deposit in transit		<u>1,530.20</u>
		13,974.90
Less: Outstanding cheques:		
Cheque No. 2451	1,260.40	
" 2470	720.10	
" 2471	844.50	
" 2472	503.60	
" 2474	<u>1,050.00</u>	<u>4,378.60</u>
Adjusted cash balance per bank		<u>9,596.30</u>

The November 2012 bank statement showed the following cheques and deposits:

Cheques			Deposits	
Date	Cheque No.	Amount (Tk.)	Date	Amount (Tk.)
November 01	2470	720.10	November 01	1,530.20
02	2471	844.50	04	1,211.60
03	2474	1,050.00	08	990.10
04	2475	1,640.70	13	2,575.00
08	2476	2,830.00	18	1,472.70
10	2477	600.00	21	2,945.00
15	2479	1,750.00	25	2,567.30
18	2480	1,330.00	28	1,650.00
27	2481	695.40	30	1,186.00
29	2483	575.50		
30	2486	900.00		

The cash records as per books for November 2012 showed the following:

Cash Payments Journal						Cash Receipts Journal	
Date	Cheque No.	Amount (Tk.)	Date	Cheque No.	Amount (Tk.)	Date	Amount (Tk.)
Nov. 01	2475	1,640.70	Nov. 22	2484	829.50	Nov. 03	1,211.60
02	2476	2,830.00	23	2485	974.80	07	990.10
02	2477	600.00	23	2486	900.00	12	2,575.00
04	2478	538.20	24	2487	398.00	17	1,472.70
08	2479	1,570.00	29	2488	1,200.00	20	2,954.00
10	2480	1,330.00		Total	14,694.10	24	2,567.30
15	2481	695.40				27	1,650.00
18	2482	612.00				29	1,186.00
20	2483	575.50				29	<u>1,338.00</u>
						Total receipts	<u>15,944.70</u>

Additional information:

- A credit of Tk.1,505.00 for the collection of Tk.1,400 note receivable for Moon Ltd. plus interest of Tk.120 and less a collection fee of Tk.15. Moon Ltd. has not accrued any interest on the note.
- The bank debited Tk.72 for supplying a cheque book and credited interest on short notice deposit (SND) Account of Tk.1,500.

At November 30, 2012 the cash balance per book was Tk.10,846.90 and the cash balance per the bank statement was Tk.17,069.40.

Required:

- Prepare a cash book for November 2012 to find out adjusted cash balance for reporting on the Moon Ltd. financial statements as on 30 November, 2012.
- Prepare the adjusting entries based on the reconciliation.

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